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DIVISION IN EUROPE COMPLICATES TASK OF RECONSTRUCTION

WHEN Soviet Foreign Minister Molotov walked out of the Paris conference on July 2, thereby rejecting Secretary Marshall's plan for United States aid to Europe based on European self-help, the East-West rift became more painfully evident than at any time since the end of World War II. As a consequence, former problems which have plagued peace-making for two years are now cast in a different light. The breakdown of the Paris meeting, moreover, has embittered as well as changed great-power relations, for Molotov's final warning to the British and French delegates at Paris was filled with foreboding. By cautioning the other two governments against the consequences of implementing the Marshall plan he provoked in turn the strongest language yet used against Russia since the war by Western statesmen. British Foreign Secretary Bevin on July 4 bluntly replied that the Soviet Union should not carry provocation too far, and on July 1, Secretary Marshall countered the Russian Foreign Minister's charges that America hoped to dominate Europe through its offer of aid by accusing Moscow of falsifying the issues at Paris.

WHAT IS THE EAST-WEST ISSUE? Secretary Bevin defined the present world conflict as one between those who hold a materialistic conception of history and those who believe in liberty. This is not far different from President Truman's 4th of July application of Jefferson's conviction that the survival of freedom, not alone for this country but for the world, depends on the survival of truth. It is significant that on both sides of the Atlantic reaction to the Paris meeting should be couched in such general abstractions. For both Molotov's warning at Paris and British and American statements reveal that the Marshall offer has brought a showdown between the East and West. There can be no doubt that it will

mark a turning-point in postwar history, although no responsible statesman has predicted a new war as an immediate outcome of the Paris debacle.

President Truman's remark in his speech at Monticello that "nations should have learned the folly of a nationalism so extreme as to block cooperative economic planning among nations for peaceful reconstruction," was more directly related to the specific issue of the Paris conference. This implied criticism of Russian action bears on the avowed reason given by Molotov for his refusal to join in accepting the Marshall plan. Russia's chief objection to the new proposals stemmed from fear that the economic independence and sovereignty of European countries would be undermined.

EFFECTS OF THE PARIS SHOWDOWN. The full meaning of the Paris showdown is not clear, however, even when examined in terms of the general public reaction in Western countries or on the basis of Russia's official explanation for its policy. The ultimate meaning of the East-West split at Paris cannot be calculated yet. But several results appear quite certain as Britain and France turn to the task of calling a new conference of those nations in Europe which are willing to join in cooperative economic reconstruction. On July 3 bids for a new meeting were sent to 24 states, Spain excepted, and Russia was urged again to reconsider its position. On July 6 Czechoslovakia accepted the invitation to the new Paris talks, but only as an observer. Other Soviet satellites have indicated they will not attend at all.

It should be noted that the East-West issue at Paris was not solely a geographic conflict marking a clear-cut division in Europe between a Soviet orbit and a Western bloc. There is now ample evidence at hand to suggest that several of the most important European nations are destined to be divided

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not only by a line drawn north and south across the continent. France, Italy and Germany may well be rent by internal divisions. Most symptomatic of the danger of internal divisions within European nations is the situation in France. If a Western bloc arises in Europe, France automatically becomes a key state in the new western grouping. But it is in France that the Communist party, although not at present in the government, has the largest numerical following of any party of the Fourth Republic. Should the Communists oppose the Marshall plan by sabotaging the already weak French economy or by calling strikes in crucial industries, the reconstruction of Western Europe would be put in jeopardy.

The Paris breakdown will also inevitably prolong the deadlock over Germany which developed at the Foreign Ministers' conference in Moscow last April. One of the objections Molotov raised to British and French desires to accept the Marshall method of reviving Europe's economy related directly to the German problem. Molotov said at Paris on July 2 that the "Steering Committee," suggested by Britain in accepting the Marshall plan, proposed to "deal with the utilization of German resources although it is generally known that the justified reparations claims of those Allied countries which had suffered from German aggression still remain to be met." This is the crux of the German problem as seen from Moscow. As a result of the Paris split it is evident that the former Allies will proceed with the incorporation of their respective zones of Germany into their own spheres of influence.

The German problem, moreover, is but a mirror of the general task of European reconstruction. Western Germany is an industrial area, for the most part, while eastern Germany is agricultural. This is also generally true of Europe as a whole, a fact which will become increasingly apparent to both Russia and the West as they now attempt to reconstruct the continent by halves. Many economists have pointed out heretofore that Europe constitutes a viable economy only when coordinated in its totality. Eastern and Western Europe may soon become separate and therefore wholly insoluble problems respectively for Moscow and the Western capitals.

Since Europe is not a complete economic unit without the eastern agricultural areas, the United States may find that its plan for aid to non-Communist Europe will involve the expenditure of more funds than Congress will be willing to grant. America may also find that it must decide whether it wishes to support countries which are intent on pursuing a system of planned economy different from that prevailing in the United States. This question has already arisen in western Germany since the Labor government in London favors greater socialization of industry in its German zone than does Washington. The United States has not yet squarely faced the problem of giving or withholding support for socialist experiments abroad despite the fact that many nations since the war have turned to the Left and to planned economy. The Paris split has presented that choice more clearly to America.

GRANT S. MCCLELLAN

UN FACES TEST IN QUELLING GREEK BORDER INCIDENTS

As Washington continues to receive reports of frontier incidents between Greece and its three northern neighbors, the United States is attempting to reduce tension in this troubled area by a two-fold policy of strengthening Greece from within and of urging the Security Council to create a semi-permanent commission to keep watch on the Greek borders. Thus far none of the \$300,000,000 worth of supplies provided by the Greek-Turkish aid bill signed by the President on May 22 has actually reached Greece. This delay has been caused not only by the inevitable complications involved in purchasing and transporting the goods concerned; but by the time required for recruiting the necessary number of engineers, accountants and other technical experts and of having them submitted to the careful loyalty check required by Congress. The first group of ten or eleven civilian experts, accompanied by Dwight P. Griswold, Chief of the American Mission, is expected to leave soon for Greece, but several more weeks will elapse before the thirty or forty additional members of the mission can be despatched.

SUPERVISION OF AID ASSURED. Economic

experts agree that even if the American funds are placed under the most efficient possible management they can merely lay the foundations for reconstruction, while without careful management they would probably be no more effective than the \$700,000,000 worth of foreign aid which has been poured into Greece since the end of the war without achieving economic recovery. According to an agreement with the United States, signed on June 20, the government in Athens not only pledges itself to carry out a far-flung program of governmental and economic reforms to advance reconstruction, but it specifically agrees that Mr. Griswold and his mission shall assist in administering Greece's own resources as well as the American aid program. By providing for this extensive supervision the United States has squarely faced the fact that if it wishes to insure effective use of the money appropriated by Congress it cannot hand the Greek authorities a blank check.

PERMANENT COMMISSION URGED. While the United States proceeds with its program of unilateral assistance to the Greek government, the American delegation at Lake Success is urging the

Security Council to take international measures to end the threat to Greece's security from abroad. In a strongly-worded speech on June 27 Warren R. Austin called upon the Security Council to establish the semi-permanent frontier commission which all the members of the United Nations Balkan Commission except Russia and Poland recommended following their investigation of the Greek charge that Yugoslavia, Albania and Bulgaria were supporting guerrilla warfare in Greece. The Balkan Commission, he pointed out, concluded that Yugoslavia, particularly, has trained and supplied Greek refugees who subsequently recrossed the border to fight against the Greek government. He declared that this clear violation of international law required immediate action by the Security Council.

Equally strong requests for effective international measures have been made by Greece and Britain. On June 26—the second anniversary of the United Nations—Greece filed formal charges of aggression against Yugoslavia, Bulgaria and Albania and, for the first time in the brief history of the UN, formally invoked Chapter VII of the Charter. Under this "last resort" chapter provision is made not only for sanctions and the severance of diplomatic relations, but the employment by the Security Council of military force as well. The following week, on July 3, Sir Alexander Cadogan, the British representative, told the Security Council that if it could not apply proposals for the peaceful settlement of disputes, "We had better tear up the Charter and pack up."

RUSSIAN OBJECTIONS. Whether the Security Council will succeed in setting up a semi-permanent body to investigate future incidents occurring on the Greek frontiers and thus help maintain peace in the Balkans depends upon Russia. Some American observers have believed that the Soviet Union might accept the establishment of such a body, and they point to the fact that Russia did, after all, permit the investigation conducted by the Balkan Commission despite objections from Yugoslavia, Bulgaria and Albania. However, there are important indications

that Russia will not approve this major recommendation of the Balkan Commission. In the first place, Russia—along with the Albanian, Bulgarian and Yugoslav governments—has steadily opposed the subsidiary group of the Balkan Commission. This body was set up at Salonika last March to investigate any frontier violations which might occur after the Commission left Greece and before the United Nations took steps to settle the frontier issue. As a result of this opposition, the sub-commission in Salonika is finding it impossible to fulfill the purpose for which it was established.

Russian objection to the semi-permanent frontier body, moreover, has seemed all the more likely in view of the refusal on the part of the Soviet and Polish representatives on the Commission to accept evidence forming the basis for this suggestion. According to these two members, the witnesses supporting the Greek charges were persons of immoral character or Fascist tendencies who gave false and contradictory testimony. The United States, while conceding that many of the individuals who appeared before the Commission had dubious records and offered testimony containing minor inconsistencies, feels that the bulk of evidence unquestionably substantiated the Greek charges that its Slavic neighbors helped train and arm Greek guerrillas.

At the same time, the United States freely admits that all blame for the disturbed conditions on the Greek frontier is not ascribable to the three Slavic states. As the American representative and other signatories of the majority report of the Balkan Commission pointed out, old national rivalries dating back at least as far as the Balkan Wars of 1912-13, when these states were unable to agree among themselves on the division of territory won from Turkey, underlie the present tensions. Moreover, the report noted that Greek discrimination against its Slavic minority in Macedonia has created unrest and provided Yugoslavia with an opportunity for encouraging a separatist movement in this area. Despite these extenuating circumstances, however, the United States firmly believes that Greece's northern neighbors cannot be absolved for their support of Greek guerrillas against the government in Athens. Since the United States appears unwilling to yield on this point, and the U.S.S.R. seems equally adamant in its opposition, the Security Council finds itself forced to deal with the most explosive issue it has yet faced.

WINIFRED N. HADSEL

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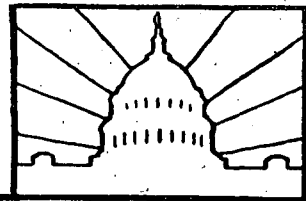
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Washington News Letter



U.S. WEIGHS MILITARY NEEDS IN SHAPING OIL POLICY

In recommending ratification of the Anglo-American Oil Treaty, the Senate Foreign Relations Committee on July 1 accepted the Truman Administration's contention that the national security of the United States increasingly depends on trans-Atlantic sources of petroleum. Charles Rayner, State Department Adviser on Petroleum Policy, called attention on November 10, 1946 to estimates that in 20 years America would be producing 3,500,000 barrels of oil a day but consuming 6,500,000. The special Senate Committee to Investigate National Petroleum Resources predicted on January 31, 1947 that, in the event of war, the United States could not meet its essential military and civilian requirements from known continental reserves. Indicating that those long-range forecasts now have immediate application, the Navy Department on June 18 reported that the domestic oil industry was not filling the country's military needs.

SAFETY AND OIL. The decline toward "have-not" status with respect to oil, which has confronted the United States since the treaty was signed on August 8, 1944, now raises a conflict for policy makers. The original desire of the United States to insure that petroleum supplies be available to all peaceable countries at fair prices on a non-discriminatory basis clashes today with the desire to maintain control over the use of the major portion of the world's oil, not primarily for the sake of commerce, but for the direct and indirect contribution which petroleum makes to military power. Evidence that considerations of national security have entered into formulation of our oil policy was shown when, on June 24, the House Committee on Merchant Marine and Fisheries protested exports of oil to the Soviet Union, although the shipments were small. And it appears probable that the United States will vote against plans for an international cooperative alliance for oil which is to be discussed after July 19 by the United Nations Economic and Social Council.

Should it become effective, the Anglo-American treaty, binding its signatories to respect existing concessions, would protect American leased rights in Saudi Arabia, the chief potential foreign source of oil for the United States. The United States reserves in the Persian Gulf and Red Sea-eastern Mediterranean regions are capable of producing more than one-fourth of the petroleum known to be available to this country. America has rights to 59 per cent (37,000,000,000 barrels) of the total known world

reserves; to 20,000,000,000 of 21,000,000,000 barrels in this country; 6,000,000,000 of 9,000,000,000 barrels in the rest of the Western Hemisphere; 10,500,000,000 of 26,000,000,000 barrels in the Middle East, and 500,000,000 of 1,000,000,000 barrels in the United States of Indonesia. Growing domestic consumption has changed the nature, of American commerce in petroleum products. Whereas in 1938 the country exported more than 10 per cent of continental production, in 1946 the net exports amounted to less than one per cent of that production, which increased from a daily average of 3,327,000 barrels in 1938 to 4,702,000 barrels in the last year. Although spokesmen for the oil industry insist that American home production is sufficient to satisfy the country's requirements, the Administration has not halted its search for a policy based on expectation of domestic oil inadequacy.

A further safeguard to America's foreign oil supply in the pending Anglo-American treaty is the fact that it constitutes an agreement between the United States, the foremost oil producer, and the second largest producer, the United Kingdom. The two countries undertake, when each shall have ratified the treaty, to establish an International Petroleum Commission, a body without plenary powers authorized to advise its members on world oil needs and the production outlook.

PROBLEMS OF POLICY. A problem confronting the United States in making foreign oil policy is whether the interests of national security call for a measure of control over the distribution of oil from American sources abroad. Fear of official interference in the oil industry characterized the testimony of opponents of the treaty when it was discussed at the Foreign Relations Committee hearings. Olin Culberson and William J. Murray, members of the Texas Railroad Commission, told the Committee on June 3 that the treaty would be the entering wedge for the federal government to control the domestic production of petroleum, which is now under the jurisdiction of the individual states. Having heard Attorney General Clark argue that such action would promote national security, the Supreme Court on June 16 granted the federal government control over the portion of the country's oil lands lying off the shore of California between low-water and the three-mile limit. But underwater fields in this area, already exploited, are not expected to reduce the need for trans-Atlantic oil.

BLAIR BOLLES